

---

# STATE OF INDIANA

---

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



INDIANA GOVERNMENT CENTER NORTH  
100 NORTH SENATE AVENUE N1058(B)  
INDIANAPOLIS, IN 46204  
PHONE (317) 232-3777  
FAX (317) 974-1629

**TO:** Assessing Officials  
**FROM:** Barry Wood, Assessment Division Director  
**RE:** Golf Course Guidance  
**DATE:** March 2, 2015

Per Indiana Code 6-1.1-4-42(e), the Department of Local Government Finance (“Department”) is required to establish uniform capitalization tables and procedures to be used for the assessment of golf courses (also referred to as golf facilities or golf enterprises). These tables and procedures were formally promulgated in 50 IAC 29 (see <http://www.in.gov/legislative/iac/T00500/A00290.PDF>).

Assessing officials must use the tables and procedures adopted by the Department to assess, reassess, and annually adjust the value of golf courses. The Department has previously issued guidance regarding the assessment of golf courses.

Determining the Net Operating Income (“NOI”) is a key factor in the income approach. The other key component is the capitalization rate. The Overall Capitalization Rate (“OAR”) expresses the relationship between Net Operating Income and the market value of the property. The OAR reflects risk, liquidity (or lack thereof), potential for growth in net income, and general requirements of the investor. **The OAR to be used statewide for the March 1, 2015 assessment date is 11.74%.** To determine the value of the property (simplistically), divide the Net Operating Income by the Overall Capitalization Rate.

Indiana Code 6-1.1-4-42(c)(3) excludes from the true tax value of a golf course the value of personal property, intangible property, and income derived from personal or intangible property, such as course naming rights. The Department understands the statute to also exclude pro-shop income and golf cart rental income.

If a golf course features multiple parcels that constitute the course, ideally they will be combined into one parcel. Per IC 6-1.1-5-16, the assessing official shall, upon written request by the owner, consolidate the existing contiguous parcels in each taxing district and each section into a single parcel. An assessing official shall consolidate more than one existing contiguous parcel into a single parcel if the assessing official has knowledge that an improvement to the real property is located on or otherwise significantly affects the parcels.

Most golf courses feature multiple tracts of land, a club house, maintenance building, housing for irrigation pumps and/or controls, and a driving range. The aggregate income capitalization valuation of these parcels contributes to the NOI of the course and generally cannot be separated out. The market value-in-use of the facility would therefore include all of the parcels.

Finally, the income capitalization method for golf courses includes revenue from multiple sources, including greens fees, membership fees, food and beverage sales, the driving range, etc. Consequently, the clubhouse, banquet center, driving range, maintenance building, housing for pumps and/or controls, etc., are not to be assessed separately and are included in the assessment for the golf course using the income capitalization method.

For specific instructions concerning golf course assessment, please refer to the tables and procedures prescribed by 50 IAC 29.

If you have any questions, please contact your Assessment Division Field Representative or Assessment Division Director, Barry Wood, at [Bwood@dlgf.in.gov](mailto:Bwood@dlgf.in.gov) or (317) 232-3762.